

**City Light Advisory Board Meeting
November 2, 2004, 8:30 – 11:30 am
City Light Board Room
MEETING SUMMARY**

Board members present: Carol Arnold, Randy Hardy, Jay Lapin, Sara Patton, Gary Swofford

Also present: Jorge Carrasco, DaVonne Johnson, Joan Walters (City Light), Carol Butler, Tom VanBronkhorst (Legislative), Thomas Dunlap (Department of Finance), Alec Fiskien, Julie Tobin (Office of Policy & Management)

Superintendent's Update

- Monthly operations report. October data is not available yet. City Light will rework the report to incorporate the comments made at the October Board meeting.
- Weather update. If forecast is correct what will water year be in percentage of normal? Jorge will follow up on projections for water year.
- Employee survey. The Superintendent thanked the Board for their participation. Recommendations will be made by November 10.
- Nucor. City Light is evaluating the proposed settlement.
- Organizational priorities. Handout.
- Grid West. The Superintendent is preparing to brief the Mayor on City Light's position, after which he will brief the Board.
- State Line wind contract. The evaluation is complete. Randy Hardy and Sara Patton have reviewed, and support, the proposal. A decision needs to be made by November 29. A council committee meeting will be scheduled either November 15 or 24.
- IRP. Charles Black has been selected as the consultant for the scoping work. Preliminary meetings are scheduled and work is to be completed by the end of December with a report to Council in January. Sara Patton and Randy Hardy will review the first draft.

Strategic Plan Presentation and Discussion (Handouts)

Presenters: ClearPath - Art Frohwork, Tim Hogan and Graham Evans

The consultants asked that the Board attend a strategy mapping session. The Superintendent's office will follow up with the Board to set this up.

The Board expressed their concern that the planning process should not duplicate others. A lot of work has already been completed and should be incorporated, such as the Board's 2003 Annual Report, City Council expectations, Mayoral accountability agreement, the employee survey and the Deloitte Touche and Vantage reports. Also, the plan should not be too complex and should be within City Light's resources.

Risk Management

Carol Arnold, Randy Hardy and Jay Lapin gave an update on the presentation they received from PACE Global Energy Services. The consultants have reached the same conclusions as previous reports on the risk management functions. The team, however, seems to lack

experience in hydro based systems. While City Light is a smaller system than most in the US, it is far more complex and enormously different from other systems. The options for reducing risk need to be laid out in plain language so that policy makers can make decisions. The superintendent has communicated these concerns to the consultant.

Employee Survey

Board members reported that their experience being interviewed went well and they had good and positive discussions.

City Light Budget

Carol Butler gave a short update on the Council's current budget process. Round two of the budget hearings starts November 9 and budget balancing decisions are made the week of November 15. City Light has agreed upon the 2005 work program resolution. Issues to be discussed are CIP, Boundary re-licensing, debt service drop off, surety bond, risk management proviso, financial policies and the Capital program presentation needs to be altered. Council is committed to working with City Light on revising performance metrics.

Joint Review of City Light Revenue

The Mayor would like to see a coordinated review of City Light's budget, revenue requirements, and rate structure that includes the Department of Finance, Advisory Board, City Light and Council staff. The purpose is to look at larger policy issues with a goal to reaching a common understanding on revenue requirements going into the rates process. Alec Fisker will send a sequence/description to the Superintendent for review and then circulate to the Advisory Board. The Board recommended that process must not duplicate current planning efforts by City Light and should produce useful information for the Superintendent as well as the Mayor's Office.

Annual Report

Jay Lapin recommended that the Board not proceed with the current report outline, but write a much higher level, shorter report. It is not necessary to go into great detail, given 2004 has been a year of transition and most implementation will likely begin in 2005. Jay will draft the report and distribute to other Board members for review two weeks prior the December 14 meeting.

Follow up

Monthly operations report – City Light will incorporate comments from October meeting.
Strategic plan strategy mapping session – City Light will follow up with the Board
IRP – Sara Patton and Randy Hardy to review first draft.

December Agenda

Annual Report – Jay Lapin
Utility Governance Best Practices Benchmarking – Jay Lapin/Carol Arnold/Sara Patton/Gary Swofford